



THE THIRD REPORT ON THE DELAWARE STATE TREASURY

*Submitted to the
People of the State of Delaware*

FEBRUARY 11, 2013

BY STATE TREASURER CHIP FLOWERS

At the midpoint of the current administration of the State Treasurer, the Delaware State Treasury (the “People’s Treasury”) has emerged from a year fraught with economic uncertainty, primarily resulting from national political turmoil, with numerous achievements and promises fulfilled in serving the People of the State of Delaware. The State Treasurer, having been called upon by the electorate to discharge his constitutional and statutory duty to serve as steward of public funds and having discharged such duties in the spirit of the Jeffersonian and Hamiltonian principles set forth in a framework submitted previously to the citizenry, humbly submits this *Third Report on the Delaware State Treasury* for consideration and acceptance by the People of the State of Delaware.

While the contents of this report provide further evidence that a strong treasury, backed by the full faith and credit of the People, can meet the economic challenges posed by our times, it is the fervent hope of the State Treasurer that the People deem the actions taken by their treasury over the past year as meeting or exceeding their expectations in our effort to further their collective interest. Promoting an open and competitive bid process for treasury contracts, realigning our state investment portfolio, adopting historic measures to protect public funds and removing barriers to economic opportunity are just a few of the many necessary actions undertaken over the past 12 months in order to ensure the safety and stability of public credit and funds as well as the financial health of the State of Delaware.

The State Treasurer hereby lays before the People this *Third Report on the Delaware State Treasury* in order to continue and further the dialogue with their treasury that commenced with *The Flowers Framework* (2010) and has been followed by *The First Report on the Delaware State Treasury* (2011), *The Second Report on the Delaware State Treasury* (2012) and *The Case for Reforming Our State Portfolio* (2012). Like previous reports, this report is divided into two parts: (i) the state of the People’s Treasury (including a discussion of its accomplishments and challenges) and (ii) proposed initiatives of the People’s Treasury for the upcoming year.



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In reviewing this report, let us remember that the People, by virtue of their role as the ultimate arbiter, remain masters of their own fate and the public servant is merely a conduit to their government. Therefore, it is with the greatest humility and privilege to issue this report so the People may endeavor to review the work of their treasury and treasurer. With this in mind, let us renew and continue our discussion with the state of the People's Treasury.



STATE OF THE PEOPLE'S TREASURY

Despite the economic uncertainty caused by continued political debates surrounding this nation's fiscal policies, the state of the People's Treasury is strong and healthy. Facing challenges arising from the federal "fiscal cliff" crisis, the expiration of a federally-backed deposit insurance guarantee that protected our public funds, and forces opposed to opening the door of opportunity to Delawareans through the promotion of an open and competitive bid process for treasury contracts, the People's Treasury emerged with numerous achievements and promises fulfilled. With a strong focus on and commitment to resolving the deficiencies set forth in the previous report and adopting the initiatives proposed therein, the People's Treasury has received recognition for its work and is engaged at a substantive policy level with national, state and local leaders. Though new challenges continue to emerge, the advancements and improvements implemented by the People's Treasury over the past year will benefit Delawareans for years to come.



Accomplishments of the Delaware State Treasury

The People's Treasury, with its staff of 23 dedicated public servants serving as the cornerstone of the state's financial system, achieved a number of accomplishments over the past 12 months. It is necessary and proper to report these accomplishments to the People for their evaluation of the performance of their treasury.

Engaged an Independent Investment Advisor

Following best practices in government and public finance, the People's Treasury, through an open and competitive bid process, engaged Credit Suisse Securities (USA) LLC, a Delaware limited liability company, to serve as an independent investment advisor, ensuring that the treasury is making timely and informed investment decisions in today's fast-paced, 21st-century global economy. Prior to the engagement of the independent investment advisor, the Cash Management Policy Board (the "Board"), which approves investment strategies for the state, met infrequently and without a government finance expert. At the direction of the State Treasurer, the investment advisor issued a report analyzing the historic performance of the state's investment portfolio and worked with the treasury to propose key changes for the Board that resulted in a restructuring of the portfolio without increasing the total risk level. *(Both items are discussed below.)* Furthermore, the independent investment advisor has provided the People's Treasury with additional technological resources (including a proprietary investment management system) to perform high-level analytics on the state's investment portfolio to ensure that we are maximizing interest returns on our public funds without increasing risk.

Issued an Independent Report on the State's Investment Portfolio

At the request of the State Treasurer, the state's independent investment advisor issued a 60-page report to the Board that (i) analyzed the performance of the state's investment portfolio and (ii) provided substantive recommendations to the Board to improve the portfolio's performance in light of global market conditions. The independent report



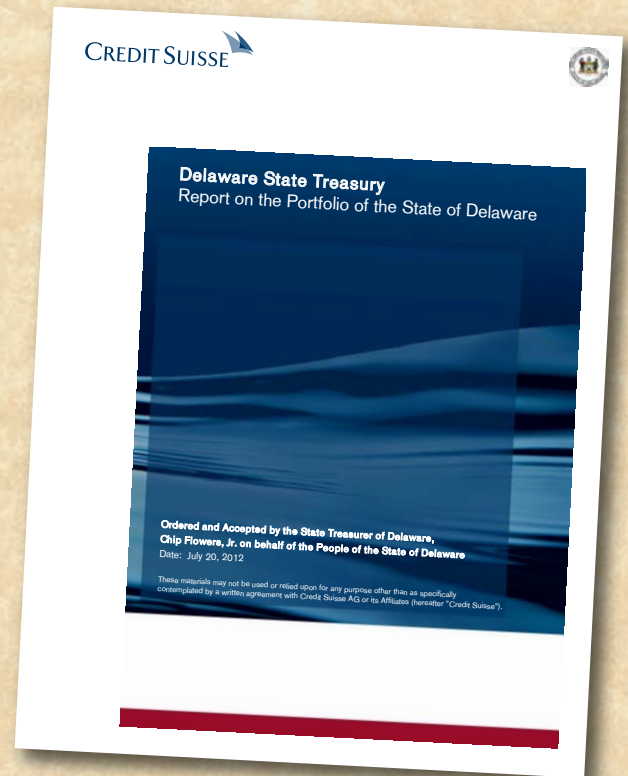
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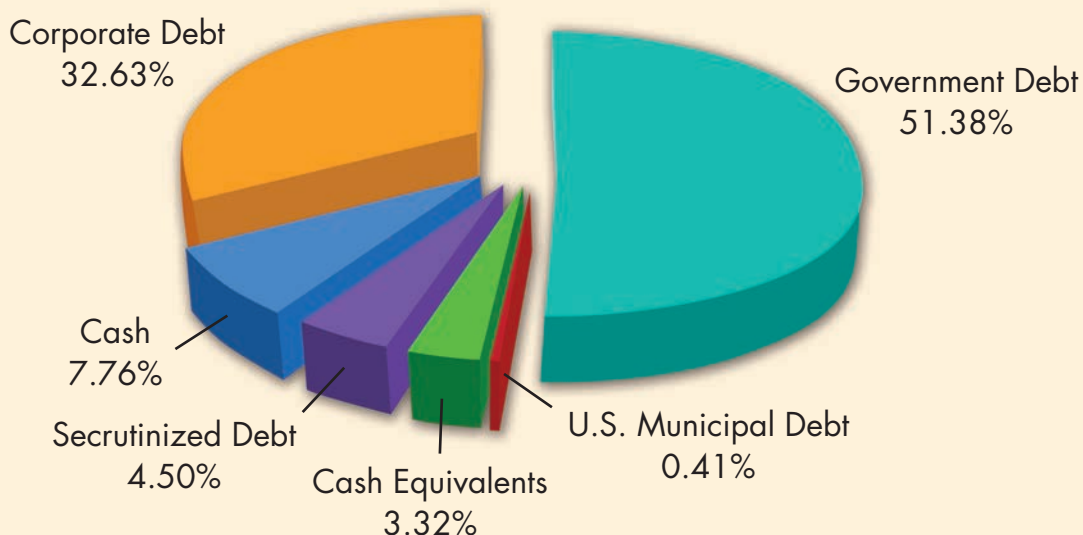
provided a detailed analysis of the portfolio and found that the Board's investment strategy had generated historically low interest returns and failed to keep pace with inflation. The report's recommendations to improve performance supported the position of the People's Treasury that additional returns could be achieved with minimal changes to the overall structure of the portfolio and without increasing the overall level of risk (primarily through diversification of assets).

Restructured the State's Investment Portfolio

Upon the current administration of the People's Treasury entering office in 2011, the state's investment portfolio was generating historically low interest returns that failed to keep pace with inflation. Under the direction of the State Treasurer, immediate actions were taken to reallocate assets in the portfolio without increasing the level of risk, resulting in millions of additional dollars in interest income. Further, based upon recommendations provided to the People's Treasury by the independent investment advisor, additional changes to the portfolio were recommended to the Board for adoption. Last October, the Board and Treasury reached agreement to diversify the state's assets, increase the number of state investment managers and require the state's investment managers to meet certain financial performance benchmarks. Additional recommendations, which would allow public input into the decisions made regarding the investment portfolio, await approval through the state's open government law.



State of Delaware Investment Portfolio
(Approximately \$1.8 Billion)



Estimate as of January 21, 2013



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Issued an “Open and Competitive” Proposal to Increase the Number of State Investment Managers

To ensure that funds invested in our state investment portfolio are being managed by a diverse group of the nation’s leading investment managers at a cost-effective and competitive rate, the People’s Treasury in 2012 issued a request for proposal soliciting a new group of state investment managers. As the result of a directive issued by the State Treasurer encouraging small, women- and minority-owned businesses to submit proposals along with other leading local, national and international investment managers, the People’s Treasury received more than 70 applications. This response was the greatest ever to such a request; historically, fewer than 20 investment managers would submit a proposal. By increasing the number of investment managers through an open and competitive process, the state not only ensures that fees paid for such services are consistent with market rates, but also that the People’s Treasury fosters innovative investment strategies generating greater returns without increasing risk.

Reduced Fees Charged by the State’s Investment Managers

In light of the challenging economic climate and the low rate of interest income generated under the state’s investment portfolio, the People’s Treasury has made significant gains in reducing the fees paid to the state’s investment managers to ensure that such fees are in line with current market rates. Under fee agreements authorized by the Board prior to the current administration of the People’s Treasury, the State of Delaware paid approximately \$2.1 million annually to its investment managers. Last October, the People’s Treasury negotiated and announced major fee reductions from two of the state’s investment banks, saving the state hundreds of thousands of dollars. Fee reductions allow the treasury to return additional monies from the investment portfolio to the General Assembly.

Launched a Prepaid Debit Card Program to Reduce Number of Checks Issued

Though the People’s Treasury continues to reduce the number of checks processed and issued annually, in 2012 the People’s Treasury implemented a prepaid debit card program to provide an additional cost-effective option for those seeking payment for their services in a form other than a check. Through an open and competitive bid process initiated by the People’s Treasury, JPMorgan Chase Bank, N.A., a Delaware corporation, was selected to serve as the vendor for the program. During the next year, the treasury anticipates several state agencies will participate in the program, which will further streamline operations by eliminating time-consuming processes associated with printing checks and vouchers. Under the program, funds can be loaded onto prepaid cards, allowing cardholders to make purchases from vendors or access their cash from ATMs.



Created the Delaware Stock Index

One of the major changes to the Delaware Economic Index in 2012 was the creation of a Delaware Stock Index within the Economic Index. This index tracks the stock performance of 27 key Delaware employers across various sectors and aggregates them to provide an indicator on the health of our state economy. The index is divided into three major sectors: financial, chemical and consumer. By tracking and comparing the performance of the index to other key indices (i.e., the Dow Jones Industrial Average, the S&P 500, et al.), the People’s Treasury is able to use this tool in performing key financial and economic analysis.



Implemented Performance Measures for the State’s Investment Managers

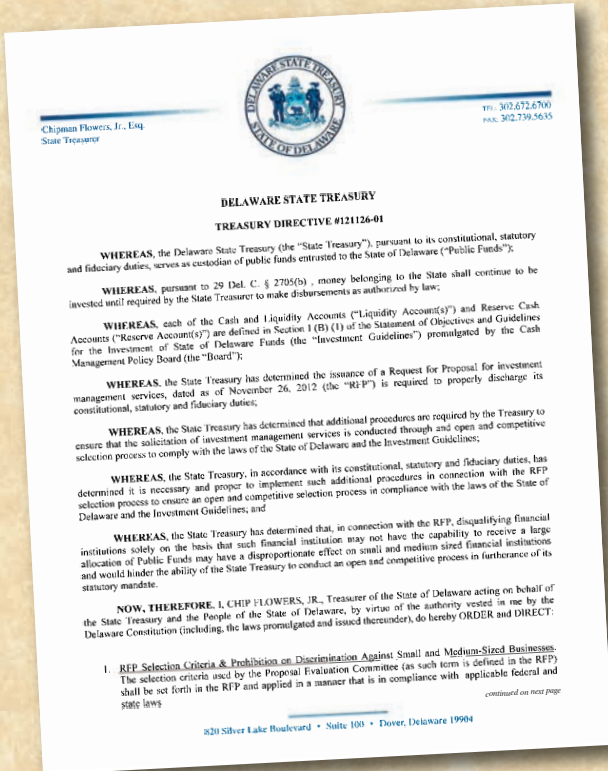
Accountability from those performing services on behalf of the People’s Treasury is a top priority of the State Treasurer and the treasury team. In conjunction with realigning the state’s investment



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portfolio, the People's Treasury adopted a number of performance benchmarks to ensure that the state's investment managers are performing at a level commensurate with the fees charged to the state. Performance benchmarks also ensure that the goals associated with the realigned portfolio are being achieved. Failure to achieve a benchmark would result in a reevaluation of such investment manager's contract and the fees charged to the state – thus ensuring accountability by those performing these key services.



Signed Directive Creating a Conflict of Interest Policy

One of the most important roles of any governmental agency is to ensure that public trust is never violated by those responsible for making decisions in the best interest of the People of the State of Delaware. To this end, the State Treasurer signed Directive #121126-01 implementing the strongest ethical policies to date at the People's Treasury. Under the terms of the Directive, in the selection process for the state's investment managers, any individual having a majority ownership interest in an investment bank or having a potential business conflict of interest must either recuse from the process or meet certain ethical requirements promulgated by the state. By issuing a directive on this topic, the People's Treasury can ensure that the basic principles of fairness and equity are met when soliciting bids from prospective vendors.

Continued Expanding and Strengthening Relationships with Federal Institutions and Agencies

Over the past year, the People's Treasury has been actively engaged with federal institutions and agencies tasked with issuing financial and economic policies, including senior White House, U.S. Treasury and Federal Reserve Bank officials. Due to



the numerous financial issues facing the nation, Delaware's influential role in corporate and financial matters requires the People's Treasury to maintain an ongoing relationship with national lawmakers. Dealing with issues including the federal "fiscal cliff," the proposed elimination of tax exemption for municipal securities and the expiration of a certain federal deposit insurance program, the People's Treasury was heavily engaged to ensure Delaware was an active participant in shaping those financial and economic policies that impact the fiscal health of our state.

Protected and Collateralized Our State Funds

On December 31, 2012, the Federal Deposit Insurance Corporation's Transaction Account Guarantee Program, which extended federal insurance to non-interest-bearing transaction accounts beyond \$250,000, expired. At the time of announcement of the program's expiration, millions of dollars of our public funds were protected under the program. Since ensuring the safety of public funds is this administration's highest priority, the State Treasurer issued Directive #121212-01 to protect these deposits by requiring banks holding state funds to have sufficient collateral to secure such funds. In doing so, the People's Treasury protected critical assets through collateralization.





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Enhanced the Delaware Economic Index

In 2012, the Delaware Economic Index was revamped to provide data in a more user-friendly format to increase its value to its readers. New data and features were also included to provide

Delawareans with information that will assist in their daily financial decision-making. Such additions

include the Delaware Stock Index (*discussed previously*) and a feature highlighting an important and timely economic topic. The Delaware Economic Index has already received national recognition for its value in promoting financial literacy and the People's Treasury will continue to improve the index in the upcoming months.



Expanded the Prosperity Portal

In 2011, the People's Treasury developed the Prosperity Portal, an online tool containing a repository of financial articles and information to assist Delawareans in realizing their financial goals. In 2012, the treasury expanded the Portal with the debut of a section featuring a variety of resources for small business owners. Several new resource pages were added to assist seniors with financial matters

and families facing the financial decisions which come with the illness or loss of a loved one. An ever-evolving product, the Prosperity Portal will continue to grow and change to best meet the needs of the People.

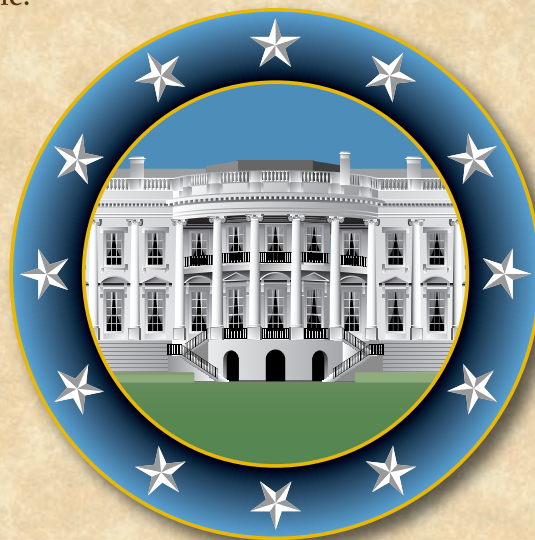
WELCOME TO DELAWARE STATE TREASURY'S

Prosperity Portal

YOUR PATHWAY TO FINANCIAL EDUCATION

Received Recognition by the White House for our Financial Literacy Program

In May 2012, the Obama administration recognized three state treasuries for having robust financial literacy efforts. Proudly, the People's Treasury was one of the selected treasuries. The White House highlighted the Delaware Economic Index and the Prosperity Portal in particular for providing means to empower citizens to make wise financial decisions. While the People's Treasury is humbled by this recognition, it will continue building upon its innovative financial literacy products in its continual goal of providing top-quality service to the People of the State of Delaware.



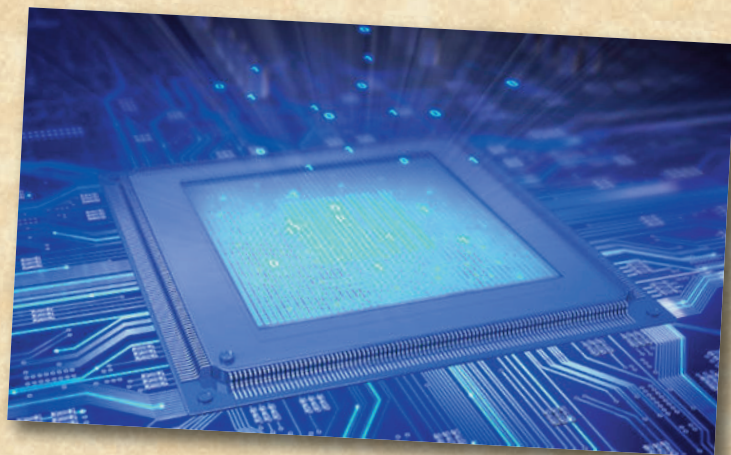


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Improved Technology and Security

As stated in the previous report, the People's Treasury has made great strides using new technology to create a modern financial office. Through the Delaware Department of Technology and Information (DTI), the treasury has transferred its servers and confidential information to secure virtual servers. These new servers are hosted in DTI's high-level data center using their virtual cloud technology. This allows the treasury to ensure that data and services have 24/7 uptime as well as regular backups in case of a disaster. The treasury continues to move forward and look for more ways to improve its technical footprint.



Created and Introduced a Monthly Legislative Brief

The People's Treasury created and introduced a brief for lawmakers and elected officials that provides a monthly snapshot of the national and state economic outlook. By sending the brief directly to state legislators, cabinet members and other elected officials, the treasury serves as an additional resource for Delaware policymakers in drafting key policies and legislation.

DELAWARE STATE TREASURY FINANCIAL & NEWS BRIEF



January 2013

DELAWARE STATE TREASURY JANUARY 2013

An overview of important economic news. For more details click on the bulleted item that interests you and you will be linked to the full story.

Economic Data Release & Events Calendar

January 24 Governor Markell releases his recommended budget. Jobs claims, Bloomberg Consumer Comfort Index.

January 25 New home sales, Dow Jones earnings announcement, WGS earnings announcement.

January 29 Federal Open Market Committee meeting begins. Confidence Survey, Amazon earnings announcement, Ashland earnings announcement.

January 30 ADP employment report, Gross Domestic Product, Federal Open Market Committee announcement.

January 31 Jobs claims, Bloomberg Consumer Comfort Index, Dow Chemical earnings announcement.

February 1 Auto sales, Institute for Supply Management Manufacturing Index, University of Michigan Consumer Sentiment Survey.

February 4 Factory orders.

February 5 Institute for Supply Management Non-Manufacturing Index.

February 7 Jobs claims, Bloomberg Consumer Comfort Index, consumer credit.

February 8 International trade.

February 11 State Treasury releases the Third Report on the Delaware State Treasury, LLC Trading for State Treasury.

February 12 National Federation of Independent Business' Small Business Optimism Index, Tanager earnings announcement.

February 13 Retail sales, Comcast earnings announcement.

February 14 Jobs claims, Bloomberg Consumer Comfort Index.

Key Activity

The Delaware Senate Labor & Industrial Relations Committee passed a bill that would require the consent of the legislature for any deal to privatize the Port of Wilmington.

President Obama nominated Jack Lew, his chief of staff, for Secretary of Treasury. Other key appointments are Sen. John Kerry for Secretary of State and Sen. Chuck Hagel for Secretary of Defense. Dennis McDonough is expected to be named for new chief of staff.

Federal efforts to resolve an impasse debanking are ongoing. This week the debt ceiling will be reached in mid-May. The debanking will be resolved in mid-February or March if action is not taken.

Governor Markell outlined his administrative priorities for FY 2014 in his State of the State address.



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Strengthened the National Save for Retirement Week Program

The treasury's 2012 National Save for Retirement Week efforts built upon the success of the 2011 program, recognized as one of the top five programs in the country by the National Association of Government Defined Contribution Administrators, Inc. (NAGDCA), the nation's leading professional organization of defined contribution and deferred compensation administrators. This year's program, entitled "It's Time... Earn-Save-Invest-PROSPER," included information booths, newspaper stickers, personal finance technology workshops created in collaboration with Microsoft®, billboards, flyers, radio advertisements and other promotional efforts. Through these mediums, the program educated Delawareans on the importance and benefit of saving for retirement and taking the steps needed to secure their financial futures.



Increased Participation in the Remote Check Deposit Program

The People's Treasury successfully worked to grow participation in its Remote Check Deposit Program over the past year, adding the Department of State and the Division of Accounting to a growing list of 22 state agencies enrolled in and using the program. Use of the program results in funds entering into state accounts faster, allowing the state to receive additional interest and providing for a more secure transfer of large sums into the state's banking institutions.

Strengthened Bond Approval Process & Delaware's "AAA" Credit Rating

The integrity of the bond approval process undertaken by the People's Treasury is one of the most important functions in maintaining Delaware's coveted "AAA" bond rating. Over the past year, the People's Treasury protected this process by working with the General Assembly to ensure that no bond using the state's credit rating, regardless of the issuing entity, would bypass this critical approval process. Additionally, the treasury hired a new Director of Finance and Investment Services, having the requisite experience and qualifications in government finance, to lead the approval process. Finally, the People's Treasury adopted strict procedures to ensure that every bond undertakes a multi-phase, yet timely review process, prior to approval by the State Treasurer.



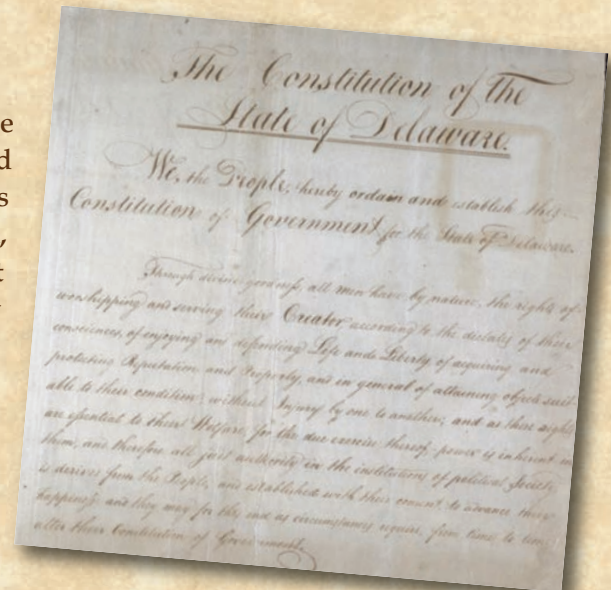
Challenges Facing the People's Treasury

Though the People's Treasury has surpassed many milestones during the past year in response to state and national economic and financial turmoil, as with any public entity tasked with providing the best services to discharge its duties on a continual basis, new challenges requiring creative and innovative solutions continue to emerge. Below is a synopsis of some anticipated challenges.

Constitutionality of the Cash Management Policy Board

While the Cash Management Policy Board can be a valuable asset to the State Treasurer and the People's Treasury, such value is only achieved when the parties understand the Board must operate within the confines of the law. The People's Treasury receives strategic advice from national, state and local leaders in the public and private sectors and must adopt the best advice in discharging its constitutional, statutory and fiduciary duties. Most, if not all, of the states except Delaware have eliminated boards similar to the Board as a violation of the constitutional powers of a state treasurer. Though no treasurer in Delaware has contested the constitutionality of the Board, there is an increasing concern by the current administration of the People's Treasury that the Board seeks to accomplish certain objectives to increase its mandate and powers in conflict with the authority of the State Treasurer and the People's Treasury. While the treasury and the Board are likely to disagree from time

to time, if properly measured and within the confines of the law, such disagreements are helpful in exchanging ideas in furtherance of the interests of the People of the State of Delaware; however, if the Board is to continue its existence, it is critical that the People's Treasury be able to adopt the best options presented by its advisors in safeguarding state funds.



Structure of the Delaware Local Government Investment Pool Program

In September 1993, the State of Delaware launched a Delaware Local Government Investment Pool (DELGIP) that allowed local governments to pool their investments and deposits with the state to achieve cost efficiencies through fee reductions and a higher rate of return. The invested funds are managed by the treasury, but limited to the investment restrictions adopted by the Board, which restricts the ability of the People's Treasury to resolve investment issues relating to the DELGIP portfolio. While local governments can use DELGIP to reduce investment costs, they have been reluctant to invest through the program because of the low rates of return that result from the Board's policies. Experiences in other states demonstrate that local government investment pools, if properly structured, can be great resources and reduce bank fees significantly for these entities. Presently, there are no participants in DELGIP, reflecting the need for a complete overhaul of the program.

The State Social Security Administrator Program

The State Treasurer is the administrator of the State of Delaware's Social Security agreement with the federal government for state employees and other applicable public employees. Various entities, ranging from counties and municipalities to other public employers such as libraries and housing authorities, have entered into over 80 Social Security agreements. Previously, there has been very limited outreach with these entities to ensure compliance with numerous changes in applicable law. Furthermore, the state is lacking critical systems to monitor compliance with Internal Revenue Service and Social Security Administration rules and regulations throughout the covered entities. As such, the state's Social Security program will likely require an overhaul over the next year.



The State's Deferred Compensation Plans

Investment contracts for the state's 457(b) and 403(b) Defined Contribution Plans (the "Plans") are under review. Work in this area must continue to ensure that participants in the Plans are receiving the best possible benefits at the lowest fees available. The People's Treasury will seek to build upon the successes of the Plans and provide additional features to best serve our state employees. The unprecedented number of hardship withdrawal requests which have been filed in the last few years as a result of economic conditions reinforces the need for participants to be able to take loans from their accounts. The suspension of the State of Delaware Match Program (the "Match Program") has caused many Plan participants to either decrease or stop their contributions or refrain from enrolling in the Plans. As a result, the treasury has requested reinstatement of the Match Program; this decision is at the discretion of the General Assembly and the Governor. All factors must be considered as the Plans are reviewed in an effort to best provide state employees with the means to properly secure a solid financial future.



PROPOSED INITIATIVES OF THE PEOPLE'S TREASURY

As Jefferson correctly asserts, "[D]reams of the future are better than the history of the past." In a time of tight budgetary constraints and fiscal uncertainty resulting from our national political turmoil, the need for innovative solutions to meet the challenges and issues facing the People's Treasury is paramount. Let us discuss the initiatives planned for the treasury over the course of the next year.

Transparency in the State's Investment Portfolio

Providing Delawareans the ability to evaluate the performance of their state's investment portfolio is a key priority of the People's Treasury. Over the next year, the treasury intends to provide additional details regarding the financial investments of the State of Delaware. While caution will be undertaken to protect proprietary and confidential information, this initiative will periodically provide a significant amount of detail regarding the portfolio on the treasury's website. This information will not only provide an additional layer of accountability for the state's current investment managers, it will also enable vendors seeking to manage state funds to propose alternative investment strategies based upon accurate information.

Continue Migration of Key Processing Services to State Server

Though the People's Treasury has made great strides in migrating critical services to the "virtual cloud" servers hosted by DTI, a few services remain to be migrated. For security reasons, the treasury is not able to specify which remaining services are scheduled to migrate to the cloud, but it is expected that the migration project will be complete early this year. Upon completion, the People's Treasury will have substantially upgraded the computing security protocols to meet the requirements and challenges of managing sensitive data in the 21st century.

Selecting New State Investment Managers

As stated earlier, the People's Treasury is in the process of selecting a new group of state investment managers from a historic number of applicants through an open and competitive bid process. It is anticipated that the selection process will conclude during the first half of 2013. In addition to engaging a diverse group of innovative investment managers (including, but not limited to, small, women- and minority-owned businesses), the People's Treasury is confident that the fees paid for such services will be consistent with market rates and the state's investment portfolio will continue to outperform relevant benchmarks without increasing its overall risk level.



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Research and Develop Options to Improve the Delaware Local Government Investment Pool

Revamping and launching a new DELGIP program will be a top priority of the People's Treasury. Working with municipalities, school districts and local governments, the treasury will develop an improved program with investment guidelines and a fee structure that meet the needs of the participants. Further, the treasury will undertake additional research not only to determine best practices for local government investment pool programs, but to analyze whether additional entities should be eligible for participation. Based upon the fundamental principles of the People's Treasury, any contracts awarded to investment companies relating to the DELGIP program will be subject to an open and competitive bid process to ensure that state and local governments are charged market rates and that qualified investment companies are given an opportunity to receive a contract.

Evaluate and Enhance the State's Deferred Compensation Plans

The People's Treasury will seek to build upon the successes of the state's Plans and provide additional features to best service our state employees. Features to be explored and considered for implementation include participant loans and a Roth 457(b) component. Additionally, since the suspension of the Match Program (a state program that matched up to \$10 in contributed income per pay cycle for participants) has been a barrier to participant enrollment and contributions, the current treasury administration has again requested reinstatement of the Match Program. After an extensive review of possible enhancements to the Plans and a final determination as to whether the Match Program will be reinstated, the People's Treasury intends to issue a Request for Proposals for the state's 403(b) Plan during the calendar year.

Reconvene Municipal Finance Forums

As part of the People's Treasury's effort to provide all levels of government within the state with relevant financial information and data, the treasury will reconvene the Municipal Finance Forums this year. These forums, which are educational workshops and informative seminars on key financial topics for local government leaders, were suspended prior to the term of the current administration of the treasury. The treasury will reconvene these important sessions and continue to provide guidance and support for local government leaders as they work to meet the financial challenges confronting them.

Expand Participation in the Remote Check Deposit Program

In an effort to capitalize on the benefits of the remote check deposit program, including earlier accrual of interest and more secure transfers of large sums of state funds, the People's Treasury will seek to further increase participation in this program. The treasury has started work with the Department of Finance's Division of Revenue to implement the program in all Division of Revenue facilities later this year. Testing is being conducted to ensure a seamless transition. The People's Treasury will continue to implement the program with additional state agencies whose participation would be beneficial and cost-effective.

Expand Financial Education and Outreach Programs

Over the past two years, the People's Treasury has successfully established and expanded a number of financial education and outreach programs to best service the People of the State of Delaware. In the coming year, the treasury looks to capitalize upon the successes of its award-winning and nationally recognized programs to further expand its education and outreach initiatives. The Prosperity Portal will be enhanced and updated to best address relevant current financial issues. A recently established social media presence will be cultivated to better reach the growing number of Delawareans who obtain their news and information from these internet sources. The People's Treasury will begin evaluating the implementation of a state-of-the-art financial education and information center called the "Prosperity Post: Your Pathway to Financial Data & Information," which would be located at its Wilmington office. The Prosperity Post, if implemented, would be a central hub of computer terminals, financial magazines and newspapers, providing up-to-the-minute business updates and other resources to assist Delawareans in preparing for their financial future.



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Further Enhancing the Delaware Economic Index

The People's Treasury is constantly seeking innovative ways to improve our financial education program. To that end, we will make significant changes to the nationally recognized Delaware Economic Index in 2013. These changes will make the Index more user-friendly, incorporate interactivity with the Internet and provide a greater range of content. The upgraded Index will include links to valuable financial information, resulting in more expansive content than the Index has included in the past two years. By equipping Delawareans with relevant financial information, the treasury will enhance their ability to make sound, informed decisions on the financial issues that impact their lives.

Launch a Community Brief

The People's Treasury values the difference leaders of community organizations make in Delaware on a daily basis. Therefore, the treasury will create a brief designed to assist these organizations by providing financial information relevant to their decision-makers. This brief will be similar to the legislative brief, but will be tailored to the needs of community leaders. Through public-private partnerships, the treasury can serve as a resource to better the lives of Delawareans.

Revamp the State Social Security Administration Program

The People's Treasury will conduct an outreach campaign and work with local officials on administering Social Security agreements to ensure Social Security coverage is maintained properly for employees of each covered government entity or to extend coverage to entities seeking participation in the program. Additionally, the treasury will research and consider implementation of a database system that would assist the office in working with covered governmental entities to ensure compliance with the terms of each Social Security Agreement.



CONCLUSION

The State Treasurer and his administration, upon careful reflection of the matters set forth herein, have detailed the state of the People's Treasury in this *Third Report on the Delaware State Treasury*. This report is humbly submitted to the People of the State of Delaware for their proper consideration.

This *Third Report on the Delaware State Treasury* was made possible through the hard work, dedication and commitment of public servants and private citizens committed to serving the People of our great state. No words can express my appreciation for their work not only in drafting this report, but also in developing a record of achievement to better the lives of Delawareans in spite of numerous obstacles. Each of these individuals embodies the principles of public service and serves as an inspiration for those who will follow and surpass their footsteps.

Ms. Erika J. Benner, Deputy State Treasurer

Ms. Kelly Callahan, Special Assistant to the State Treasurer

Mr. Larry Nagengast, Advisor

Mr. Omar Masood, Advisor

Ms. Lonni Lehman, Designer

The Delaware State Treasury Team